

## Message Text

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ACTION OPIC-06

INFO OCT-01 EA-06 ISO-00 EB-07 AID-05 TRSE-00 CIEP-01

OMB-01 XMB-02 CIAE-00 INR-07 NSAE-00 /036 W

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R 260754Z JUN 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4860

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E.O. 11652: N/A

TAGS: EFIN, RP

SUBJECT: OPIC INSURANCE FOR BANK OF AMERICA

REF: A. STATE 149876 B. MANILA 7963

1. EMBASSY APPRECIATEZ

FACT AND ARGUMENT PROVIDED REFTEDF

(A) REGARDING GENERAL OPIC POLICIES AND THE SCALE OF  
OPIC EXPOSURE IN THE PHILIPPINES. WHILE NOT QUESTIONING,  
PER SE, OPIC'S CONCENTRATION POLICY, WE CAN SAFELY SAY  
THAT GOP OFFICIALS RESPONSIBLE FOR DECISIONST J THIS  
PROGRAM WOULD FIND THE PHILIPPINE SHARE IN GLOBAL EXPOSURE  
WOKIBIOUS BLESSING. THAT IT IS NOT YET TEN PERCENT IS  
HARDLY COMFORTING AND THE TRADITIONAL POLITICAL SENSITIVITY  
OF THIS CONTINGENY LIABILITY SHOULD NOT BE PRESUMED DEAD  
IN THE QUIESCENT CIRCUMSTANCES OF MARTIAL LAW.

2. OUR PORBLEMS ON THIS PARTICULAR PROPOSAL ARE NOT,  
REPEAT NOT, WITH THE PHILIPPINE GOVERNMENT. OUR CONCERNS  
CENTER ON (A) THE WISDOM OF EXTENDING COVERAGE ON MERE  
REAL ESTATE INVESTMANTS TO ANY, UNDERSCORE ANY, FIRM  
HERE; (B) THE NEED IN THIS INSTANCE TO USE WHATEVER IS  
THE INDUCEMENT OF OPIC COVERAGE TO ACCOMPLISH THE  
INVESTMENT IN QUESTION; (C) THE DEVELOPMENT VALUE OF OPIC  
SUPPORT FOR REAL ESTATE INVESTMENT IN A COUNTRY WHICH  
CLEARLY NEEDS NO HELP ON THIS SUBJECT; AND THEREFORE, (B)

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THE PRIORITY WE SHOULD GIVE THIS PROPOSAL AS A SPECIFIC

INCREASE IN PHILIPPINE EXPOSURE. WE HAVE SAID, AND WE REPEAT, THAT REAL ESTATE IS A SUBJECT OF PRESENT AND PREDICTABLE FUTURE SENSITIVITY. COVERAGE OF SUCH INVESTMENTS IS PRONE TO FUTURE CHALLENGE. OUR CONSIDERED APPRAISAL OF REAL ESTATE AND RELATED DEVELOPMENT IN THE PHILIPPINES DOES NOT SHOW ANY NEED WHATSOEVER FOR U.S. INDUCEMENTS. AT THE SAME TIME, WHILE IN NO WAY QUESTIONING THE VALUE OF B OF A INVESTMENTS, WE THINK ANY ARGUMENT THAT B OF A NEEDS THIS ELEMENT OF OPIC COVERAGE IN ORDER TO CARRY OUT ITS PLANS IN THE PHILIPPINES IS QUITE SPURIOUS AT BEST. WE CONCLUDE THAT THIS IS THE LOWEST PRIORITY ITEM OF SUGGESTED OPIC COVERAGE THAT WE HAVE REVIEWED SO FAR.

3. SINCE OUR PROBLEMS WITH THIS PROPOSAL DO NOT REST ON WHAT GOP IMMEDIATELY MAY THINK ABOUT THE PROPOSAL, WE DO NOT SEE WHAT WOULD BE ACCOMPLISHED BY REVIEWING THE MATTER WITH GOP. THE GOVERNMENT CANNOT AND WILL NOT PROVIDE THE SORT OF ASSURANCES THAT MIGHT ALLAY OUR RESERVATIONS ABOUT THIS TYPE OF PROPOSAL. WE HOPE DEPARTMENT, THEREFORE, WILL RECONSIDER ITS REQUEST. THE ISSUE FINALLY IS NOT REPEAT NOT WHETHER SUCH COVERAGE WOULD BE VALID AND, IF WE PROMOTE IT, APPROVED. IT IS WHETHER COVERAGE OF THIS TYPE INVESTMENT CAN BE EXPECTED TO CONTRIBUTE SIGNIFICANTLY TOWARD PROMOTION OF U.S. PROGRAMS AND INTERESTS, OR WHETHER IT MERELY ADDS A NEW SOURCE OF POTENTIAL RISK AND CHALLENGE TO GOP SUPPORT OF OPIC PROGRAMS. WE BELIEVE THE LATTER IS THE CASE.  
PURNELL

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## Message Attributes

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**TAGS:** EFIN, RP, US, OPIC, BANK OF AMERICA  
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